WAPA’s position on industry trends and changes

Nebraska customer tour
Spring 2018

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Administrator and CEO
WAPA: Who we are

Federal Hydropower

- Market 10,503 MW of power from 56 dams
- Buy and sell power to provide firm electric service

Transmission System & Service

- 17,000+ miles of transmission lines
- Operate 3 balancing areas
- 15-state operating region

Transmission Infrastructure Program

- Separate $3.25 B borrowing authority
- Projects must facilitate renewables
- Projects must have a terminus in WAPA’s footprint
WAPA: Where we are
Change is upon us

Wind-penetration record

62.13% at 1:54 a.m.
on March 31, 2018
Change is upon us

April 9th Comparison for Oahe Generation

MWs

4-second data for hours ending 1 - 24

2015 2016 2017
Mountain West

- Formed 2013
- Eight participants
- Evaluated options
- 2018 - pursued joining SPP
- Xcel Energy pulled out
- Further evaluating options
Change brings challenges

- Aging infrastructure
- Increased regulation
- Intermittent resources
- Decreased hydro production
- More customer-side resources
- Changing markets
- Security
Fundamental change

The challenge for the utility of today is not only what is real but what is perceived as real.
Societal changes
Radical thoughts ...

The kilowatt-hour is dead

Time-of-purchase vs. time-of-use

All-you-can-eat energy
Economic challenge

How can we manage in a Twitter–centric world?
The future nexus
What are we doing about it?
Shift in strategic thinking

• Broader perspective
• Data-driven decisions
• Industry impacts to customers
Lifecycle considerations
Increasing requirements

- Investments in Security
- NERC requirements
  - CIP version 5
  - Audits, mock audits
  - Alerts
  - Standards
  - FAC-003 & FAC-008
  - NATF peer reviews
- FITARA
- FISMA modernization
- OMB Circular A130

- New endangered species
- DHS binding operational directives
- OSHA requirements
  - Fall Protection 100% attachment
  - Transient over-voltage compliance
- Formalized grounding cable procedures
- GPR monitor for t-lines
Cost containment

CPI projects: $2,729,766
ex: Federal Register Notice Process

Just Do It projects: $23,229,957
ex: Conservation Strategy (SN)

WAPA Strategic Initiatives: $28,002,492
ex: AmpJack Tower Raising

WAPA cost savings and avoidance: $50,000,000+ as of Sept. 30, 2017

Western Area Power Administration
Key takeaways

Focus on value and business excellence. Be aware of industry trends and changes. Continue delivering on mission.
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